Pension System on World Bank's Model

†1924. DR. GOPALRAO VITHALRAO PATIL: Will the Minister of SOCIAL JUSTICE AND EMPOWERMENT be pleased to state:

(a) whether it is a fact that in 1994 the World Bank in its report titled "Bachna Budhape Ke Sankat Se" had suggested to base the pension system on three pillars;

(b) if so, what are those three pillars;

(c) whether it is also a fact that the recommendations made by Dr. Dave Committee were also based on those lines; and

(d) if so, what action Government have taken thereon?

THE MINISTER OF STATE OF THE MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT (SHRIMATI MANEKA GANDHI): (a) and (b) Yes, Sir. It is a fact that the World Bank, in its report titled Averting the Old Age Crisis published in 1994, has recommended a three pillar system for Old Age Income Security, the first pillar consists of Government provided social security; the second pillar consists of mandatory contribution towards social security (Privately managed but publicly regulated); and the third pillar consists of voluntary savings.

(c) The first pillar is applicable to persons below poverty line and above the age of 65 years. They are covered under a Government scheme called the National Old Age Pension Scheme (NOAPS) which is being administered by Ministry of Rural Development. The second pillar consisting of a mandatory pension and provident fund scheme is applicable to only around 11 percent of the total working population and is basically confined to organized labour and Central and State Government employees. Almost 89 percent of the workforce have no mandatory retirement scheme and they have to live on their own voluntary savings. Dave Committee has recommended a voluntary pension scheme basically for this large segment of the working force.

(d) The recommendations are presently under consideration of the Government.

†Original notice of the question was received in Hindi.